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FIFTH COUNTRY PROGRAMME FOR BARBADOS

Programme period	Estimated resources	$
1995-1996	IPF	417 000
	Cost-sharing (programme and project)	1 200 000
	Total	1 617 000

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I. DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES

A. Current socio-economic situation

1. In the post-independence period 1966-1989, Barbados achieved remarkable national development, transforming its economy and raising the standard of living of its people. With a population of a quarter million, an area of 431 sq km and a relatively narrow resource base, Barbados recorded real growth of 3.2 per cent per annum between 1966 and 1989. Per capita gross national product (GNP) advanced at the comparatively rapid rate of 2.7 per cent a year, to reach a nominal figure of $6,530 at the end of 1990. Associated with this income growth was a steady improvement in the distribution of income and social welfare - educational attainment, housing, and health and nutritional standards. The average Barbadian has a life expectancy of 75.1 years, with an average of 8.9 years of schooling. Adult literacy is over 98 per cent. The entire population of the island has access to health services, safe water and sanitation. The Human Development Report 1994 gave Barbados a human development index (HDI) score of 0.894, which ranked the island highest among developing countries and twentieth among all countries in the achievement of human development. Barbados has one of the highest participatory rates of women in the labour force for developing countries: 62.5 per cent compared with 75.2 per cent for men at the end of 1992.

2. Since the early 1980s, however, the country's economic competitive edge had been gradually eroding owing to internal and external factors linked to market distortions. By 1990-1991 the economy was faced with serious domestic and external imbalances. The fiscal deficit as a percentage of gross domestic product (GDP) for 1990-1991 stood at 8.3 per cent while the balance of payments recorded an unprecedented deficit of $59 million. The twin deficits contributed to a rapid decline in foreign reserves, which fell from $152 million at the end of 1988 to $60 million at the end of 1990 and to $18.7 million at the end of 1991.

3. The Government responded by adopting a comprehensive medium-term strategy aimed first at restoring financial stability and then improving the macroeconomic conditions in the country that are a prerequisite for economic competitiveness. In October 1991, it began an 18-month stabilization programme with the International Monetary Fund (IMF). The programme included assistance from the IMF in the form of a stand-by arrangement for $28.4 million and $29.7 million from the Fund's compensatory and contingency financing facility. The bulk of the stabilization effort, however, came from a massive curb on aggregate domestic demand.

4. By the end of December 1992, net international reserves had risen to $49 million and the fiscal deficit narrowed to 1.7 per cent of the GDP. However, unemployment rose to 23 per cent as a result of the tight squeeze on aggregate demand. The main challenge facing Government is to implement a coordinated package of policy measures that will address the continuing problems of low growth and high unemployment. With options for external concessionary financing for Barbados narrowing considerably because of its graduation into the category of countries that have achieved advanced levels of economic

development, the Government's major challenge will be to maintain and expand its public sector investment programme by relying increasingly on internal financing. This comes at a time when the burden of taxation on the community is already very high and must be reduced. Government revenue from taxation is projected to decline from 37 per cent to 33 per cent of GDP by 1998. The Development Plan (1993-2000) prescribes that the fiscal deficit should not be allowed to exceed 1 per cent of the GDP in order to avoid excess credit and demand for imports without a compensating rise in output.

5. The protection, conservation and enhancement of the environment are recognized as prerequisites for the sustainable development of the country. Over the past several years, however, a degradation of the environment has manifested itself in the form of soil erosion, coastal erosion, marine and land water pollution, the destruction of coral reefs, solid waste disposal problems and the disappearance of rare flora and fauna from the island and its seas.

B. National development objectives and strategies

6. The Government will continue to modernize infrastructure, improve transport and communication and upgrade information systems to ensure an attractive environment for local and international investment. However, the Government's primary objective is the achievement of sustainable growth by restoring the economy to a competitive position.

7. Having already legislated limits to the growth of wages with a prices and incomes protocol and having downscaled certain public sector operations, the Government will continue efforts to enhance its capacity for judicious planning and efficient management of resources as well as to achieve higher productivity in the economy.

8. The Government maintains its commitment to the development and enhancement of programmes of social development, to the encouragement of self-help activities and to the rationalization and improved efficiency of services. The latter are particularly important as a support for vulnerable groups and in encouraging sustainable human development in anticipation of a lag in output as a result of the structural adjustment measures undertaken.

9. In May 1994, Barbados hosted the United Nations Global Conference on Sustainable Development in Small Island States, which helped further to focus awareness of the links between environment and development.

II. EXTERNAL COOPERATION

A. Role of external cooperation

10. Planned expenditure in the public sector investment programme for the fiscal years 1994/95 and 1995/96 is $166.3 million and the Government has sought or will seek assistance from the Inter-American Development Bank (IDB), the Caribbean Development Bank (CDB), the World Bank, the European Development Fund (EDF) and the European Investment Bank (EIB). Assistance is also expected from

China, the Venezuelan Investment Fund and the Kuwait Fund for Arab Economic Development.

11. Because of the country's high GNP per capita level, Barbados has attained the status of net contributor country (NCC) and has also been graduated by the World Bank and IDB to the category of countries that may not have access to funding on concessionary terms from those institutions. The NCC status implies that indicative planning figure (IPF) resources advanced by UNDP for the country programme must be reimbursed. In order to maximize the effectiveness of the available aid flows, therefore, and to provide a rational basis for the integration of technical cooperation activities in the development process, the structural adjustment strategy prepared by the Ministry of Finance and Economic Affairs, the Central Bank of Barbados and the Ministry of Trade is being utilized as a frame of reference for all external cooperation inputs. UNDP will assist the Government in mobilizing resources from multilateral and bilateral donors and agencies to augment or co-finance projects included in the country programme. This assistance will be reviewed annually.

B. Coordination arrangements

12. The Ministry of Finance and Economic Affairs is responsible for the coordination of UNDP cooperation in Barbados. The Resident Representative also holds the charge of Resident Coordinator of United Nations organizations represented in Barbados, namely: the Pan-American Health Organization/World Health Organization (PAHO/WHO), the Food and Agriculture Organization of the United Nations (FAO), the United Nations Industrial Development Organization (UNIDO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the United Nations Children's Fund (UNICEF), the World Food Programme (WFP), the United Nations International Drug Control Programme (UNDCP), the International Telecommunication Union (ITU), the United Nations Development Fund for Women (UNIFEM) and the United Nations Centre for Human Settlements (UNCHS) (Habitat). Periodic coordination meetings of the organizations are held as well as ad hoc consultations when necessary. Moreover, the Caribbean Group for Cooperation in Economic Development (CGCED), in which Barbados participates, provides an important forum for the coordination of capital projects and technical cooperation as well as consultation on economic policy issues.

III. THE COUNTRY PROGRAMME

A. Assessment of ongoing country programme

13. UNDP technical cooperation with barbados in the fourth country programme was directed at (a) agricultural diversification; (b) industrial diversification; (c) expansion, strengthening and streamlining of the services sector; (d) institutional strengthening of key government ministries and agencies; and (e) protection and management of the natural environment.

14. The projects that emerged were consistent with the country programme objectives and national development goals. The extension of the programme through 1992 and 1993, years in which the stabilization of the country's

external and domestic balances held priority, allowed the Government the opportunity to put in place the financial arrangements necessary to fulfil its obligations as an NCC.

15. An FAO/UNDP project to support the development of the cut-flower industry was considered a major undertaking of the agricultural diversification programme and its links to industrial diversification. UNDP support with FAO technical backstopping facilitated government efforts for the expansion of the flower industry in Barbados. An indicator of the success of this project was that several large- and small-scale farmers benefited positively from the technical inputs provided and have increased the yield of their land under flower production.

16. An agricultural land information system complete with land-use maps and new aerial photographs was established in keeping with the agricultural diversification thrust and the emphasis on the application of advanced technology to stimulate food production and other economic activities. UNDP also collaborated on a pilot demonstration of hydroponic technology for vegetable cultivation.

17. UNDP provided support to the parastatal Barbados Export Promotion Corporation as it delivered technical cooperation to small business entrepreneurs in the garment sector in design, pattern-making, factory organization and marketing in Puerto Rico. Some advocacy was also provided to the Corporation for the establishment of the design centre. Resources earmarked for the expansion, strengthening and streamlining of support services that cater to the emergence of small-scale enterprises were small in relation to the wide range of possible interventions.

18. Over the past decade, UNDP has provided technical cooperation in physical planning to the Town and Country Planning Department. In the fourth country programme, the manual system for processing building applications was converted into an expanded computerized database that has significantly enhanced the efficiency of the Town and Country Planning Department and which now provides management information in support of policy formulation, planning research and environmental management. This system consolidated earlier initiatives such as the National Physical Development Plan and the Greater Bridgetown Development Plan, which were produced in earlier years.

19. ASYCUDA, a computerized system for processing customs and trade data was installed in Barbados in 1992 with the joint collaboration of UNDP, UNCTAD, the CDP, USAID, the British Development Division and the European Union. The system has benefited the economy of Barbados by strengthening the function of customs data collection for fiscal management and macroeconomic decision-making and has provided the business sector with up-to-date trade information.

20. A UNDP Management Development Programme (MDP) reconnaissance mission on public management improvement was carried out in July 1993. The mission laid the groundwork for training of the staff of the Ministry of the Civil Service and design of an automated management information system. These measures have helped in preparing the Ministry of the Civil Service to become a primary agent for change in the process of public administrative reform. They were also the

precursors to a broader-based programme of support for raising efficiency in the public sector and developing models of productivity measurements for replication throughout the public service.

21. Overall, the impact of the ongoing country programme was diffused by the number of small projects that were implemented without a well-defined framework for integrating their individual results. Therefore, in the new country programme, the policy dialogue between the Government and UNDP will be enhanced and a programme-oriented approach will be utilized to derive maximum linkages and benefits from UNDP-supported interventions.

B. Proposals for UNDP cooperation

1. Preparatory process

22. The areas of concentration for UNDP cooperation in the fifth country programme have been formulated on the basis of a comprehensive review of the fourth country programme, the advisory note, the structural adjustment strategy of the Government and substantive ongoing dialogue with the Ministry of Economic Affairs on development objectives, strategic level goals and national resource allocations, and the SIDS Conference programme of action. Also consulted were FAO, UNICEF, UNCHS, UNDCP, ECLAC and UNFPA.

2. Strategy for UNDP cooperation

23. The government strategy in the context of the NCC status of Barbados is to involve UNDP at the policy level and in institutional capacity-building and secondly, at the downstream implementation level. At the first level, UNDP will explore with the IDB and CDB, two important sources of loan financing, feasible opportunities for mobilizing their financial resources and technical expertise for joint programme activities in support of improved environmental management and reform of the public service. Similar approaches will also be made to the World Bank and the European Union. At the implementation level, UNDP will enlist the cooperation of these institutions as well as non-governmental organizations (NGOs), community-based organizations (CBOs) and private sector institutions and entities. The programme approach is thus expected to be applied to the two areas identified and it will respond directly to the needs of the structural adjustment strategy document of February 1994.

3. Proposed UNDP cooperation

24. Environmental management (49.2 per cent of IPF). Intensified monitoring and a number of scientific studies all point to the destruction of important natural habitats, the degradation of the marine ecosystem, comprising an interrelated network of reefs, near-shore fisheries, beaches and the coast, and the quality of the island's water supply. Since the main economic activities in Barbados depend to a high extent on natural resource exploitation, environmental degradation occurring at the current rate could compromise efforts to enlarge output and the employment-generating capacity of the Barbadian economy. A

concerted effort by the Government, the private sector and the external community to address the priority areas of environmental degradation is a matter of utmost urgency. A committee will therefore be activated with the assistance of UNDP, comprising representatives from diverse sectors within the first six months of the present biennium to review comprehensively and define clear priority areas in environmental issues.

25. The national conservation strategy selected two sites as the core of a network of protected areas that would also serve as research facilities. One site is the Barbados Marine Reserve at Folkestone, the other is the Barbados National Park in the Scotland District and stretching from Cuckhold Point in the parish of St. Lucy to Bath Beach in St. John. The UNDP technical cooperation proposed for this programme area will build on previous cooperation provided by the World Conservation Union for implementation of the national conservation strategy. Specifically, UNDP, in the first year, will provide policy advice as well as support for institutional strengthening of the Environment Division, thereby enabling it to implement successfully a comprehensive environmental management programme.

26. An allocation of $205,000 from the IPF is earmarked for UNDP cooperation in this programmatic area. it will be augmented by government and third-party cost-sharing of approximately $685,000. IDB is providing complementary assistance for the installation of a geographical information system intended to guide policy decisions on land-use and environmental protection measures.

27. It is expected that with the assistance of UNDP, the comprehensive environmental management programme will be fully operational no later than 1 January 1996. UNDP support is expected to have an impact on the valuation and management of the natural resource assets and on the expansion of eco-tourism activities in Barbados. In planning and managing their financial resource allocation, both public and private sectors will be guided by a holistic approach that takes full account of the environmental costs of human activity.

28. Public sector management development (35.5 per cent of IPF). The Government must review all areas of public expenditure in view of the anticipated reduction in real taxation levels over the next few years. At the same time, the Government must ensure that the civil service can adapt to the changing structural relationships and new techniques in organizational management to facilitate the promotion of a vibrant private sector in circumstances where the national strategy prescribes accelerated economic transformation.

29. The proposed UNDP cooperation will support the Government's structural adjustment programme, which will initially focus on the reform of the public service into a coordinated and efficient structure, thereby contributing to a more efficient public expenditure. A survey of the public service has been initiated to guide the development of enhanced work standards and is expected to be completed towards the end of 1995. The survey should become fully operational by mid-1996. These actions will also be coordinated with the IDP-supported programmes in the management of public finances and revenue collection.

30. This cooperation represents a follow-up to the MDP reconnaissance mission, fielded in 1993 to examine the institutional arrangements for public sector reform. Subsequently, an automated human resources management information system was designed and personnel of the Ministry of the Civil Service were trained to assume the role of principal change agents in the reform process.

31. The sum of $148,600 of the IPF has been earmarked to retain the necessary technical expertise to implement reforms at the operational level within the public service, particularly in respect of the reduction of bureaucracy and the institution of criteria for productivity measurement and performance evaluation. A strategy for human resource development and manpower planning is to be devised and the automated management information system will be made fully functional in the Ministry of the Civil Service, the Barbados Statistical Service, and the Ministry of Finance and Economic Affairs. It is expected that the Government will provide a programme cost-sharing contribution of $440,000. Support from the MDP is also envisaged.

32. The impact in this programmatic area will be measured at the end of 1996, by the success of the Government in achieving a higher level of efficiency in the public service. In this regard, the Government target is to reduce public expenditure from an estimated 38.2 per cent of the GDP in 1993 to 35 per cent in 1996 while maintaining the quality of public services delivered.

C. Cooperation outside main country programme areas

33. An unprogrammed reserve of $64,000 (15.3 per cent of the IPF) is proposed for strengthening national policy support activities in the management and coordination of external technical cooperation, and promotion of the round-table process for drawing greater non-governmental participation in the key aspects of social development such as grass-roots involvement and technology transfer.

34. The Government intends to continue to make use of the opportunities available through its membership in WHO to obtain technical cooperation in the health sector. An amount of $604,000 has been earmarked by PAHO/WHO for Barbados in the development of health services, environmental health, maternal and child health, health promotion and disease prevention and treatment, particularly AIDS. A UNICEF-sponsored programme in education, social mobilization and capacity-building for community development of $150,000 will run concurrently with the new country programme. The UNCTAD-executed ASYCUDA project for the automation of the Customs Department will continue. This regional project, to be supported by various donors, has a proposed budget of $4,074,000. Further support for the promotion of popular hydroponics and appropriate farm systems for the cultivation of vegetables and livestock-rearing for the local market will also be sought through UNDP and FAO. Finally, it is also expected that the Capacity 21 project will have an influence on the sustainable management programme of Barbados.

D. Implementation and management arrangements

35. The national execution modality will be used in Barbados as there is an adequate capacity existing in the Ministry of Finance and Economic Affairs for project cycle management in conjunction with a number of regional institutions. Among the latter are the Caribbean Centre for Development Administration (CARICAD), the Caribbean Conservation Association (CCA), the Caribbean Environmental Health Institute (CEHI), the Caribbean Agricultural Research and Development Institute (CARDI), and the University of the West Indies (UWI).

Annex I

FINANCIAL SUMMARY

I. ESTIMATED RESOURCES (IPF + cost-sharing) TAKEN INTO ACCOUNT FOR PROGRAMMING

	$	$
Fourth-cycle carry-over	468 000	
Fifth-cycle IPF	449 000	
		917 000
Less:		
Actual 1992 expenditure	415 000	
Actual 1993 expenditure	21 000	
Estimated 1994 expenditure	64 000	
		(500 000)
Available IPF resources		417 000
Project cost-sharing (Government)	300 000	
Project cost-sharing (third party)	600 000	
Programme cost-sharing	300 000	
Subtotal cost-sharing		1 200
TOTAL		1 617

II. ALLOCATION OF RESOURCES (IPF + cost-sharing) BY AREA OF CONCENTRATION

	Thousands of dollars			Percentage of total resources
Area of concentration	IPF	Cost-sharing	Total	
Environmental management	205	685	890	55
Management development	148	515	663	41
Subtotal	353	1 200	1 553	96
Unprogrammed reserve	64	-	64	4
TOTAL	417	1 200	1 617	100

III. COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES USED IN UNDP AREAS OF CONCENTRATION

	$	$
A. UNDP-administered funds		
SPR	75 000	
UNDCF	-	
UNSO	-	
UNIFEM	-	
UNRFNRE	-	
UNFSTD	-	
Global Environment Facility	-	
Subtotal		75 000
B. Other United Nations resources		
JCGP participating agencies		
UNFPA	-	
UNICEF	-	
WFP	-	
IFAD	-	
Other United Nations agencies (non-UNDP financed)		-
Subtotal		-
Total non-core and other United Nations resources		75 000
C. Non-United Nations resources	-	
TOTAL		75 000

Annex II

PROGRAMME MATRIX

	Area of concentration	Area of focus					
		Poverty eradication and grass-roots participation in development	Environment and natural resource management	Management development	TCDC	Transfer and adaptation of technology	WID
I.	ENVIRONMENTAL MANAGEMENT		*	*		*	
II.	PUBLIC SECTOR MANAGEMENT DEVELOPMENT			*	*		*